

BRIEFING

COST-OF-LIVING CRISIS: HOW EMPLOYERS ARE TAKING ACTION

Following the release of Business in the Community's (BITC) [Cost-of-Living Action Plan for Businesses](#), BITC members¹ have told us what they are doing to relieve the pressures of the cost-of-living crisis in line with the 12 calls to action around employees, customers, communities and suppliers.

Context

In October 2022, BITC launched its Cost-of-Living Campaign, with an [Action Plan](#) that sets out 12 calls to action for business to support employees, customers, suppliers and communities during the cost-of-living crisis. This was accompanied by a survey of BITC members to understand what actions they were already taking. This briefing provides an overview of the responses to that survey, and draws out key themes and great examples of good practice.

The survey found that **'employees'** were most commonly cited as being the main concern for support during the cost-of-living crisis. This included supporting both their financial and mental wellbeing. It is encouraging that all businesses are focusing on ways of working, but it is also important to acknowledge that employees experience work differently, therefore, it is critical that employers use workforce data and employee engagement to inform their actions. With regard to **communities** and **customers**, businesses expressed their desire to ensure they are providing the right help in these unprecedented times. There was less focus on supporting **suppliers**, with only one employer

saying this was a main priority. Recent events, including the pandemic, have shown the importance of robust supply chains to wider business resilience, suggesting that an 'all stakeholder' approach should be adopted to ensure customers, colleagues, communities and supply chains are all considered in the cost-of-living response.

Main headlines from the survey

- Nearly one in five employers have both increased basic pay and provided one-time cost-of-living payments.
- 85% pay the Real Living Wage.
- 92% are working in community partnerships to deliver support including volunteering and direct funding.
- However, just 15% are signatories to the [Prompt Payment Code](#).

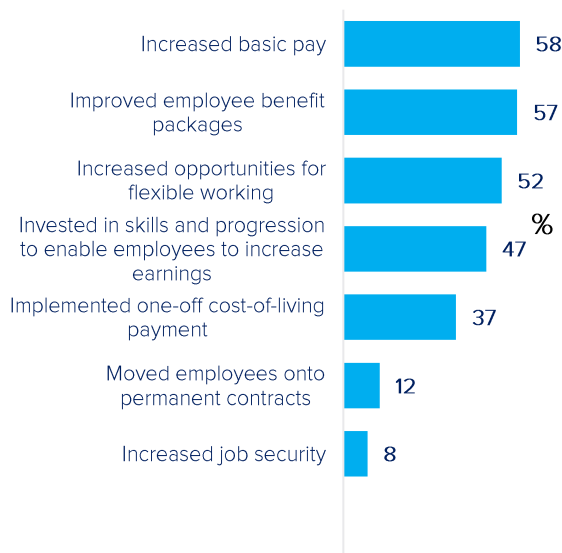
The remainder of this briefing gives a broader, more detailed overview on how BITC members are responding to the cost-of-living crisis in line with BITC's [Action Plan for Businesses'](#) 12 calls to action, alongside some best practice.



SUPPORTING EMPLOYEES

Increasing basic pay was the most popular initiative undertaken by the employers surveyed, with 58% of businesses doing so. 57% have improved their employee benefit package and nearly one in five have both increased basic pay and provided one-time cost-of-living payments. The chart below includes some of the other actions employers have established to support employees through the cost-of-living crisis:

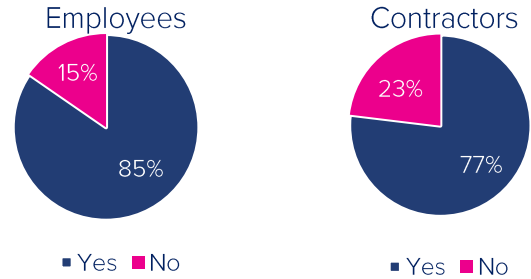
Employer actions to support employees through the cost-of-living crisis %



BITC Call to Action 1: Pay the Real Living Wage to employees and contractors

85% of BITC members participating in the survey pay the [Real Living Wage](#) to their employees, demonstrating that our sample of members are significantly above the national rateⁱⁱ, and for those members not currently paying the Real Living Wage, 42% are planning to do so.

Do you pay the Real Living Wage (as set by the Living Wage Foundation) to employees and contractors %



BITC Call to Action 2: Ensure employees have the option to work flexibly

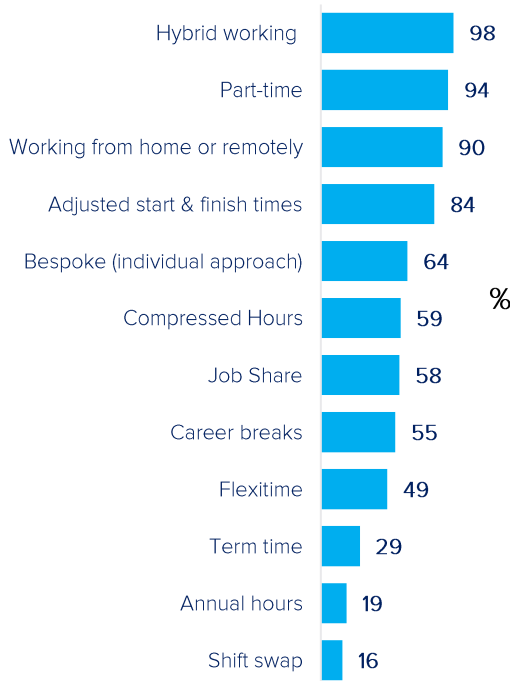
100% of employers surveyed offer flexible working to their employees, with 52% having increased opportunities for flexible working due to the cost-of-living crisis.

BITC's [Who Cares?](#) report found one in two women who were trying to share care responsibilities with partners ended up doing a greater share, with 40% of these women saying it was because their partner/other carers' 'working pattern/culture is not supportive of combining work and care'. BITC's [Better Work Survey](#) found that 72% of board-level management, compared to 53% of those earning £20,000 to £24,999 per year, were able to agree ways of working that support wellbeing with their manager. This suggests that board-level management are getting more support on personalising their ways of working. Employers must look at the data and ensure line managers are consistent in their help for all colleagues.

The survey found that the most common types of flexible working offered by employers included hybrid working (98%), followed closely by part-time working (94%) and working from home or remotely (90%).

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Most common types of flexible working offered by employers %



BITC Call to Action 3: Target support towards your lower income and vulnerable employees using workforce data and employee engagement

It was uplifting to learn that **68%** of employers had used workforce data and employee engagement to target support towards their lower income and most vulnerable employees.

Employer Best Practice regarding employees:

- **Unum** has introduced a Bonus Drawdown scheme to support employees with additional cost-of-living expenses. The scheme gives employees the option to access up to 50% of their 2022 target bonus early, normally paid in March 2023. They are also offering financial wellbeing webinars and targeted emails on cost-of-living support through their financial education provider Nudge. A financial support loan scheme is also available for employees.
- **Tideway** has given employees (excluding the highest earners) an additional fixed monthly cost-of-living allowance, paid from

October for the remainder of the financial year.

- **Covea Insurance's** Research & Insight Team conducted analysis into data on impact on the general population, impact on the insurance industry, and impact on customer facing employees. This informed their approach to their vulnerable customer strategy and employee wellbeing strategy (2022 - 2023).

BITC will be convening Peer Learning Forums/ Workshops during 2023 to share even more employer best practice around employees. Visit [BITC's Events](#) page to keep abreast of activities.

SUPPORTING CUSTOMERS

BITC Call to Action 4: Understand the needs of your lower income and vulnerable customers, and how the cost-of-living crisis will impact them

The survey revealed that **65%** of respondents believe they have enough customer data to target support while 35% did not. This aligns with 65% of respondents reporting updating their vulnerable customer policy and 64% reviewing whether their customer risk criteria exclude lower income customers unnecessarily.

BITC Call to Action 5: Provide products and services that are genuinely affordable to increase choice for lower income consumers

In response to the survey question 'what steps have you taken to ensure your products and services are genuinely affordable to increase choice for lower income and vulnerable customers', the most common answer by far was 'responsible customer debt management practice' – **89%** of businesses were doing this.

Steps taken to ensure products and services are genuinely affordable to increase choice for lower income/vulnerable customers %



BITC Call to Action 6: Innovate to deliver affordable and sustainable products and services

82% of those surveyed report taking steps to innovate to deliver affordable and sustainable products and services. 72% of those taking steps said this was a priority for their organisation. It was not a priority for 11% of employers and 15% of respondents were unsure if it was a priorityⁱⁱⁱ.

Employer Best Practice with customers:

- **Experian** has developed several dashboards for their clients to understand the impact of cost-of-living crisis on their customers and employees as well as the implications of fuel price increases. They have also undertaken a series of bespoke analytical exercises, including one project to deliver the UK's first Adult Numeracy Index with National Numeracy.
- **Santander** has successfully adapted their customer support to become more proactively outbound. They have a financial health check facility on their app that helps potentially financially vulnerable customers

to identify their issues in time and they signpost them to relevant help, or support them with their issues.

- **Orbit's** Better Days programme has been developed and commissioned by behavioural insight and marketing specialists and their customers and employees, to ensure that they understand the day-to-day lives of their customers. The programme offers services which are available to every customer and designed to support financial inclusion, mental wellbeing, employability and skills and digital support. This year they have introduced a new Welfare Benefits Advice service which will have the capacity to advise 1,200 customers annually who are most in need, reducing financial exclusion and increasing customer income. Partnering with National Energy Action has enabled them to offer specialist energy advice and new 'Warm and Well' packs to help keep customers warm, safe and well this winter.

SUPPORTING COMMUNITIES

BITC Call to Action 7: Promote employee volunteering with schools and front-line organisations in local communities

92% of respondents reported working within partnerships to deliver support to communities.

Volunteering was the most popular form of support with 67% of businesses providing *either* skills-based or physical volunteering. For those providing skills-based support the following was offered:

Ways of working in partnership (or engaged) with organisations/schools/charities/local government %



These responses are well aligned with recent BITC interviews^{iv} with over 40 community organisations regarding their need for professional skills. The report showed PR/marketing (for fundraising) was the greatest need, followed by volunteer management, wellbeing support, leadership mentoring, HR support and product and proposition management.

BITC Call to Action 8: Share goods and equipment with community organisations that are working with lower income and vulnerable people

Excluding offering volunteering or direct funding, top of the list of other ways businesses reported working in partnership (or engaging) with organisations/schools/charities/local government was donating physical items, more than half, (52%), of businesses surveyed were doing this.

Other ways businesses reported working in partnership (or engaging) with organisations/schools/charities/local government %



As well as maximising the value obtained from products and reducing costs for those who make use of these products (households or organisations themselves), these circular economy initiatives also reduce waste that otherwise goes to landfill or incineration and reduce embodied emissions and the pressure on nature from production of items and the materials used to make them.

BITC Call to Action 9: Provide funding for your community partners that is simple to access, and increase support where possible

53% reported offering direct funding to their community partners. BITC engagement with frontline community organisations shows that simple to access corporate funding reduces the burden on frontline community organisations, and increases their support for end beneficiaries.

Employer Best Practice within communities:

- **WJ Group** has been utilising their skills and products to lend a hand to hard pressed schools by providing playground markings for active learning and exercising - an initiative suggested by their people through their 'Thinking Community' scheme, also in partnership with clients such as Cornwall County Council and charities like Sustrans.
- **Southern Co-op** is supporting food banks, community fridges and Your Local Pantries.

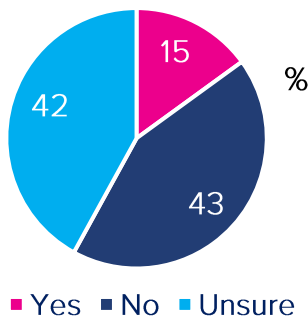
Volunteering is based on community need, including skills-based volunteering.

SUPPORTING SUPPLIERS

BITC Call to Action 10: Ensure prompt and fair payment to your suppliers

Supporting suppliers by signing up to the [BEIS Prompt Payment Code](#) emerged as the weakest area of action undertaken by the organisations surveyed. Only 15% had signed, 41% of employers were unsure and 43% said they had not signed up. This is perhaps one of the greatest areas of assistance that large employers can offer to smaller, more vulnerable businesses.

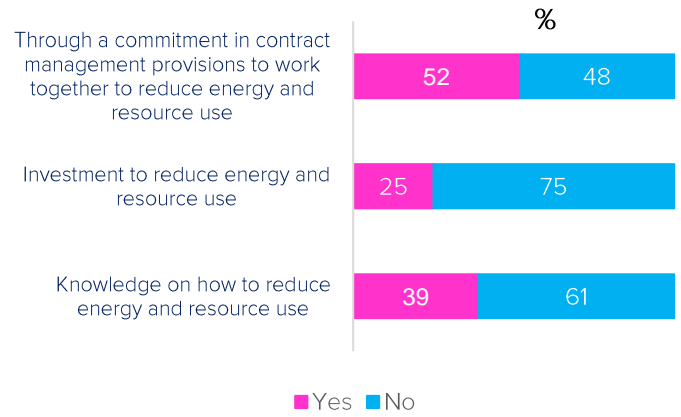
Businesses signed up to the prompt payment code %



There are [3,467 current signatories](#) to this code across all of UK businesses, equivalent to one-third of large businesses (250 or more employees). Late payments can damage business health. According to the Federation of Small Businesses (FSB) 50,000 businesses close for this reason every year and this was before the cost-of-living crisis.

BITC Call to Action 11: Support your supply chain to reduce their energy and resource use

Ways in which businesses are supporting suppliers %



Just over half (52%) of the businesses surveyed said that they have established a contract management provision to ensure the reduction of energy and resource use. However, only 39% are supporting their suppliers with knowledge on how to reduce their energy and resource use, and just 25% are supporting their supply chain with direct investment to do so.

BITC Call to Action 12: Purchase goods and services which are more energy and resource efficient

In the last six months, **71%** of businesses reported having procured goods and services which are more energy and resource efficient. 4% reported they had not and 25% were unsure if their business had.

Employer Best Practice with suppliers:

- Previously in response to the urgent need to produce cars with lower carbon emissions, **Jaguar Land Rover** set up the innovative REALITY project to work in partnership with its material supplier, Novelis. Under this initiative, aluminium is recovered from existing Jaguar and Land Rover vehicles and reformed into high-grade aluminium to create new vehicles.

Further examples of best practice from survey responses that business could consider include:

- Deciding to make long-term commitments to increase salaries, instead of one-off cost-of-living payments.
- Listening to Trade Unions and employee networks and gathering feedback through colleague, customer and community insight channels.
- Offering managers training to support the creation of an environment where employees can feel more comfortable to discuss their financial concerns, reducing the stigma around in-work poverty.
- Using colleague skills to offer financial wellbeing workshops and mental health training to community partners.

- Engaging proactively with your supply chain and providing or increasing support with energy use and resource efficiency.

How can BITC help?

- For a deeper dive into how responsible your business is in comparison to others, as well as some recommended next steps, take a look at BITC's [Responsible Business Tracker®](#) - a performance improvement and benchmarking tool.
- To help your business to deliver a cutting-edge response to the crisis, BITC can facilitate a bespoke cost-of-living crisis workshop which will help you identify practical ways to take action. To find out about this, or our other cost-of-living advisory services, [email us](#).

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ENDNOTES:

Unless otherwise stated, all findings displayed, exclude respondents who answered 'unsure', 'do not know' or 'not applicable'.

i 86 BITC members responded the survey, this is an estimated of 636,000 employees

ii The [Living Wage Foundation](#) indicates that 11,639 businesses (of any size) are accredited Real Living Wage (RLW) employers and there are 24,415 businesses in the UK employing over 100 people. This represents a ratio of 47 RLW employers for every 100 large employers

iii 2% did not respond to this question

iv BITC Nature of Needs Insights report, August 2022 – Cost-of-Living Crisis (available on request at BITC)